



# Financial Institutions and Insurance: SB 511 – Study on Coverage for Bariatric Surgery

January 15, 2009

Doug Farmer  
Director, State Employee Health Benefits Plan  
Kansas Health Policy Authority



# Overview

- History
- State Employee study 2006
- New research
- Estimated impact of coverage
- Summary
- Staff recommendations for bariatric surgery



# History

- Prior to Plan Year 2008, all treatment for obesity was excluded from coverage under the State Employee Health Plan (SEHP)
- Medicaid reimbursed for weight-loss medications but excluded coverage for bariatric surgery
- The Health Care Commission (HCC) considered coverage for bariatric surgery in 2006
- KHPA engaged in Statewide Health Reform initiative in 2007 and 2008 emphasizing prevention and wellness
- Consistent with KHPA initiatives in the area of prevention and wellness, HCC decided to cover preventive and non-invasive obesity treatments for 2008 under SEHP

# Health Care Commission Review of Bariatric Surgery in 2006

- Findings:
  - Preventive, non-invasive treatment was not covered
  - Relatively high incidence of complications and even death
  - Morbidity and mortality vary considerably with experience of surgeon and hospital
  - No Centers of Excellence in Kansas
  - Long-term cost-effectiveness not yet demonstrated



# Health Care Commission Review of Bariatric Surgery in 2006

- KHPA Staff Recommendations for State Employee Health Plan (SEHP):
  - Educate consumers on available options for promoting wellness and addressing weight problems
  - Review SEHP plans for 2008 to examine possible expansion in preventive benefits
  - Review HealthQuest program to consider initiatives in the following areas:
    - Physician-supervised weight management
    - Behavior modification
    - Healthy eating
    - Exercise
  - SEHP and Medicaid Staff review of bariatric surgery exclusion
    - Retain exclusion of bariatric surgery



## State Employee Health Plan Changes in 2008

- Provide coverage for non-surgical treatment of obesity
- Expanded coverage for consultation with a dietitian
  - Coverage not limited to diabetics
- Added coverage for prescription weight loss medications



# HealthQuest for 2008

- Healthy Lifestyle Programs Includes:
  - Healthy eating and weight management information
  - Health coaches to provide ongoing support
  - Teleclass: Healthy Weight
  - Online class and tools

# New Developments

- Kansas now has two Centers of Excellence for bariatric surgery as designated by the American Society for Bariatric Surgery
- Centers for Medicare & Medicaid Services (CMS) has 3 certified centers in Kansas to provide bariatric services to Medicare beneficiaries
  - Limited geographic area
- Continued increase in prevalence of bariatric surgery
- Explosion in research
  - Emerging evidence of the positive health impact for the extremely obese
  - Continued advancement in procedures and knowledge of quality indicators
- Widespread, but proscribed, coverage by Medicaid



## New Research

- Surgery reduces excess body weight by half after two years, and reduces total body weight by 16% after ten years
- Surgery reduces long-run obesity-related mortality by 50%-90%
- Surgical costs may be recoverable in as little as 4-5 years, depending upon the patient
- Studies compare efficacy of different procedures
- Significant risks accompany the surgery, but are lower in accredited and high-volume centers

## Estimated Financial Impact

- Estimated cost of coverage for the State Employee Health Plan:
  - As much as \$15 Million in first year
  - Costs depend on required pre-conditions
- Long run net savings to the state
- Additional costs of coverage in Medicaid



## Medicaid

- Continues to provide reimbursement for prescription weight-loss medications with prior authorization
- Provides for reimbursement for medical nutrition therapy for children under the KanBeHealthy program



# Summary

- Recognized Problem
  - Obesity is epidemic in the U.S. and in Kansas
  - Increasing individual, employer, and societal costs for chronic diseases due to overweight and obesity
- New evidence supporting long run value of bariatric surgery
  - Improved health and longevity
  - Reduced medical costs
  - Improved safety through experience and targeting of services



## Staff Recommendations

- Emphasize value of preventive care
  - Changes have been made to State Employee Plan
  - Recommendations being developed for Medicaid
- Develop recommendation for HCC to cover bariatric surgery in the SEHP
  - Use Medicare coverage as a starting point
  - Work with weight loss and surgical experts to target surgery to those who can benefit most
  - Consider Medicaid coverage if funding is available



<http://www.khpa.ks.gov/>